

For the 2009 / 2010 Washington State Ferry Customer Survey

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Purpose

- ▶ The overall purpose of the Baseline Study as well as this current market research efforts are to **provide a clear understanding of ferry customers' attitudes and motivations** that can be used to model future ferry usage behaviors.
 - To determine the **attitudinal aspects** that are important to ferry customers and how those attitudes have changed from the ferry customer Baseline Study in each customer/market segment.
 - To determine the **motivational aspects** that would impact WSF usage and the change from the baseline study.
 - To determine, for modeling purposes, specific **trade-off factors** among the motivational aspects that will impact WSF usage and to determine their change from the baseline study.
 - To determine the **general demographics and usage patterns** and the change from the baseline study that can be used to analyze the data by market/usage segment.

Potential Tasks

- ▶ The potential tasks to complete this market research endeavor may include but are not limited to the following:
 - Ferry customer database (panel) development with continuous recruitment and management
 - Online Surveying over the next 2 years
 - Winter ridership wave (key baseline questions)
 - Elasticity of demand study
 - Mode shift study
 - Survey of non and infrequent riders
 - Freight customers study
 - Summer ridership wave (key baseline questions)
 - Executive and detailed reporting

Bidding Process

- ▶ RFP issued in August
- ▶ Letter of Intent received in early September from 10 companies
- ▶ Interviews with finalists that met all criteria done first of October
- ▶ Finalist reference checks completed
- ▶ Reported to Transportation Commission for final selection Oct. 20th

Recommended Vendor: Market Decisions Corp. (MDC)

MDC Highlights:

- ▶ MDC is from Portland, Oregon, has 30 years experience designing and conducting survey research and design of complex transportation sampling plan for market research.
- ▶ Excellent record of on time delivery and dedication to data integrity.
- ▶ Considerable experience with: design, recruitment, and management of on-going customer database/panels; conjoint studies; telephone interviews; executive interviews including freight studies; and in-house crew of trained interceptors.
- ▶ MDC is partnering with Davis, Hibbitts & Midghal (DHM) on the project who has experience in assisting the public sector with long-range planning and policy making.

Methodology (Customer Database/Panel)

Customer Database/Panel size: Approximately 13,500 panel members

- ▶ 90% would come from on-boat recruiting. The panel size would be sufficient to conduct quantitative studies on a per route basis. The panel would provide considerably better samples for use in elasticity studies than previous.
- ▶ Most panels experience survey response rates of 35% or higher. These rates will be based solely on a perceived “value” to engage panel members.

Design: Panel will be representative of customer base with regards to:

- ▶ Ferry Route
- ▶ Rider Type
- ▶ Boarding (Walk-on/Drive-on both driver and passenger)
- ▶ Ride Times (On-peak/Off-Peak).
- ▶ We will utilize stratified sampling technique to assure adequate representation of ferry customers.

Customer Database/Panel Building

Seating techniques: MDC will use the following to seat the customer database/panel:

- ▶ On-boat Intercepts
- ▶ Handouts (mini-fliers)
- ▶ Posters with tear-off cards
- ▶ Banner ad on WSF ticket website

Initial recruitment: Screening questions used to ensure desired mix of customers & double opt-in process to confirm panelist's commitment.

Demographic questionnaire:

25–35 demographic and other data points of interest questions.

Assists in the definition of future survey target segmentation.

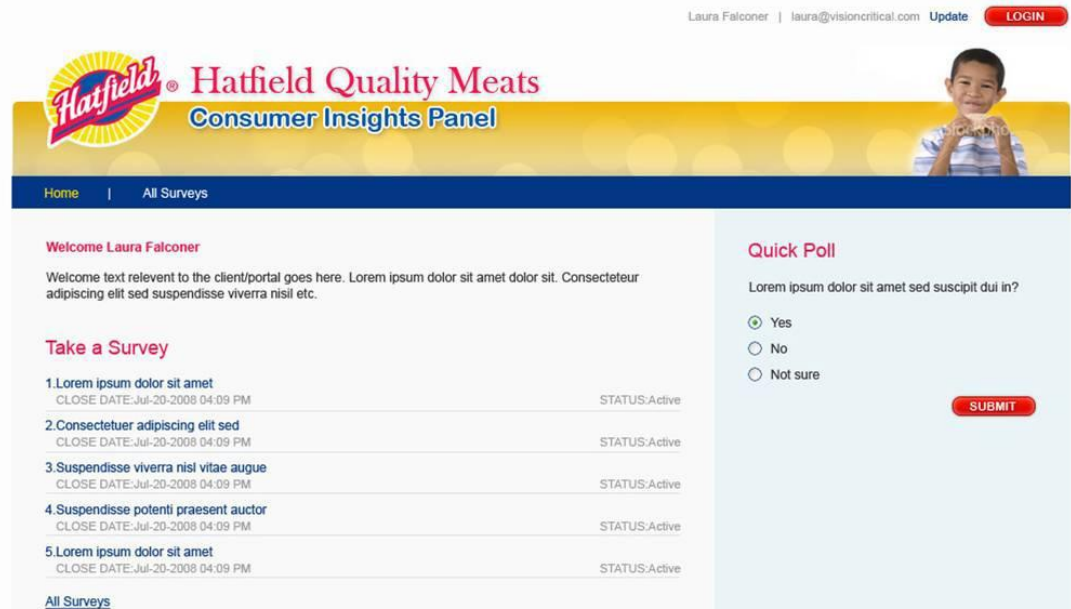
Essential to building a balanced panel.

Incentive Strategy: Develop incentive strategy that satisfies and encourages panelists to continually engage in the panel.

Ownership: MDC will establish the Customer Panel on behalf of WSTC Panel; however, the panel panelists, survey tools, database, survey results and any other panel elements will be owned by the WSTC.

Panel Management: Use “Vision Critical” software, the leading provider of custom of online panels and interactive research software.

Example of Online Customer Survey Website

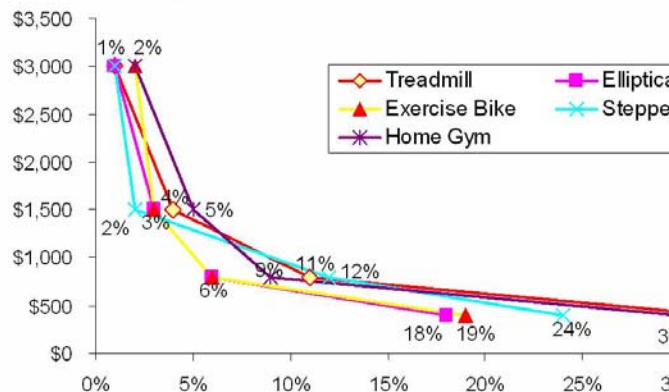


Example of Data Reporting



Exercise Equipment Demand Curve

- Similar to the previous price graph, the percentage of customers who are likely to purchase any of the exercise equipment in the next 12 months significantly decreases as the price increases.
- This conjoint demand curve shows what other pricing analyses show - most respondents are inelastic above \$1,500.



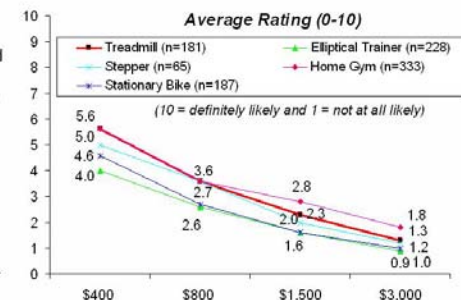
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Conjoint Analysis Results

- Price overshadows brand and market channel in relative strength. Price is a huge driving force of exercise equipment purchasing explaining 80% to 90% of the consumers' decision.
 - However, care should be taken to not over estimate the power of price as this analysis did not include product features.
- There is no statistically significant "winner" among brand and market channel.
 - This is very different than purchasing tennis shoes or soft drinks, for example. When one buys these items they are looking for the brand and not the best price. Fit must currently "push" their brand to the consumer to become chosen; whereas brands such as Nike and Coke "pull" consumers.
 - The good news is the Fit family brands did however perform as well or better (although not significantly) than several notable brands - Nike and LifeFitness.
- Stepper exercise equipment are the least price sensitive among the equipment tested.

	Percent that Price Explains Choice
Stationary Exercise Bike	92%
Treadmill	90%
Elliptical Trainer	89%
Home Gym/Strength Equipment	84%
Stepper	81%



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Budget & Recommendations

- ▶ MDC budget for all 12 tasks totaled \$249,600
- ▶ It is the recommendation of the interview panel that the commission approve the selection of MDC to conduct the 2009/2010 Ferry Customer Survey.